

Mono County Community Development Department

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June 10, 2011

California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, CA 94236

Attn: Trevor Joseph

Dear Mr. Joseph:

Mono County Community Development Department (the Dept) is forwarding the following comments in response to the Round 1 Prop 84 Draft Funding Recommendations.

1) The Dept requests reconsideration of the funding recommendations.

The Dept respectfully requests reconsideration of the funding recommendations, based on the specific points mentioned in the letter submitted by the Inyo-Mono IRWMG Program Director and Program Manager. Additionally, the Dept would like to offer the following comments and observations about the existing Prop 84 process.

2) The process does not provide enough emphasis to regional priorities.

Members of the Inyo-Mono IRWMG devoted themselves to developing a plan that reflects the unique needs of our region. Considering our size, diversity, and value of water resources, this was no small accomplishment. The group then looked at an array of some 25 projects, and duly ranked them *according to our regional priorities*, recognizing that our priorities do not mirror those of the State.

By definition, Integrated Regional Water Management demands recognition of regional needs and priorities, regardless of whether or not they align exactly with statewide priorities. By specifying categories within the economic analysis section of the PSP, DWR appears to have inserted statewide priorities into the scoring criteria that are not necessarily shared by this region.

Regional allocations, based on population densities, effectively prioritizes certain types of projects common to metropolitan areas – flood control, drainage, water supply, etc. To find those priorities echoed within the economic analysis section of the PSP, without regard to a given region's adopted priorities, seems contrary to the spirit of Integrated Regional Water Management.

3) The process under-serves rural regions.

In rural Eastern California, many communities do not enjoy the economy of scale that is required to develop and maintain viable water and wastewater infrastructure.

Because these districts and water systems are usually small, their needs, and related resources are also small. Therefore, it is difficult if not impossible for such a district to identify a solution to their problem, and prepare a competitive application for Prop 84 funding – particularly when their project may only cost \$50,000. A cursory analysis of the projects recommended for funding in Round 1 confirms that projects carrying a price tag over \$1 million (with related consulting budgets) are winning the competition for Prop 84 resources.

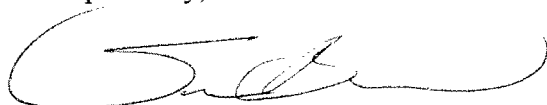
Mono County made an attempt at overcoming our economy of scale issues by envisioning a project that would provide funding on a first-come, first-served basis for water systems that had existing water quality violations. Unfortunately, the PSP as designed would not allow for such a project, requiring that each individual project prepare an application, effectively scuttling the concept.

The prevalence of cost-benefit analysis is problematic as well. This approach makes perfect sense when projects from areas of similar population density are competing with one another. Unfortunately, that is not the case and once again rural areas are slighted. If rural districts had the resources to employ savvy economic analysts to prepare applications, there would likely be ways around this but, once again, the lack of economy of scale that contributes to a water system's inability to perform regular maintenance and make necessary capital improvements is the same lack of economy of scale that puts the hiring of economic consultants out of reach.

Meanwhile, it does not appear that a criterion exists to elevate water quality issues of grave concern, such as arsenic in a school's drinking water, in such a way that cost-benefit and other economic analyses do not drag down such projects.

In summary, the Dept is disheartened by the draft funding recommendations in light of the tremendous effort this group has put forward to fulfill the State's vision of Integrated Regional Water Management. The Dept respectfully requests that DWR reconsider the funding recommendations to more equitably allocate the Prop 84 resources to all IRWMGs in the state, accommodating all statewide needs – urban, suburban and rural.

Respectfully,

A handwritten signature in black ink, appearing to read "Scott Burns", written over a horizontal line.

Scott Burns

Director, Mono County Community Development Department